

**TESTIMONY OF  
KATHLEEN SILARD,  
PRESIDENT & CEO, STAMFORD HEALTH  
SUBMITTED TO THE  
INSURANCE AND REAL ESTATE COMMITTEE  
Thursday, March 5, 2020**

**HB 5018, An Act Concerning Health Care Cost Growth in Connecticut  
SB 328, An Act Concerning Health Care Cost Growth Benchmarks, Canadian Drug  
Reimportation, Stop-Loss Insurance and Reinsurance.**

Good afternoon. Stamford Health supports the state's goal of creating a health care system in the state of Connecticut that provides access to high value health care.. We continuously provide access to the highest quality of care for all of residents in the communities we serve, including those who struggle to afford insurance. With the qualifying comments below, Stamford Health supports the cost benchmarking provisions of **HB 5018, An Act Concerning Health Care Cost Growth in Connecticut and SB 328, An Act Concerning Health Care Cost Growth Benchmarks, Canadian Drug Reimportation, Stop-Loss Insurance and Reinsurance.**

Stamford Health is a comprehensive, independent non-profit health care system that serves a region of approximately 650,000 people. We employ more than 3,600 people, making us the largest employer in the city of Stamford and one of the largest in Fairfield County. Beyond the lifesaving care we provide 24 hours a day, 365 days a year, we contribute more than \$1 billion to our state and local economy and provide more than \$80 million in uncompensated care to the residents that need it most. We are committed to providing friendly, personal care coupled with the most sophisticated services to all residents of lower Fairfield County.

HB 5018 and SB 328 require the Office of Health Strategy ("OHS") to set annual health care cost growth rates and quality measures. OHS must also set targets for the amount of health care dollars spent on primary care so that these expenditures reach 10% by 2025. To determine annual costs, providers and payers have to submit certain data to OHS. If the overall benchmark is exceeded in a given year, OHS must determine which specific providers or payers exceeded the benchmark, and those entities must appear at a public hearing to testify on its expenditures and file a proposed performance improvement plan that OHS will monitor throughout the year. Other entities that have significantly contributed to a benchmark being exceeded, such as a drug manufacturer, must also participate in a public hearing.

***Method of Determining Growth.*** Stamford Health has concerns about whether, as currently drafted, the complexity of health care costs can be reflected in the method the bills establish to

determine cost growth. The bills would use the CPI and the percentage by which the state's economy is growing as measures.

Many costs that health care providers incur are similar to other industries – utilities, transportation, supply vendors and salaries and benefits. These costs increase annually and a comparison to the CPI and basic economic growth rates may be more reasonable.

Other costs are unique to health care and often beyond the control of a provider. Examples include costs related to responding to epidemics, emergency preparedness, 24/7 readiness for trauma events, the need to provide specialized and trained personnel for patients, continuous improvement to patient safety and quality outcomes, privacy compliance, data disclosure compliance, security, funding for medical malpractice insurance, providing care to influxes of undocumented individuals fleeing trauma in their home countries, and health care acuity related to social determinants of health. Providers also need to accommodate annual legislative changes such as changes to Medicaid coverage.

Also, as acuity grows, costs will grow, and a methodology should take that into consideration. For example, a provider handling certain patients such as heart and vascular or orthopedic surgery, will see higher costs related to treatment. As another example, older individuals require more and more complex care than younger individuals, and a graying population across the state and in our region will surely impact health care costs at a rate higher than CPI.

Creating the right cost growth benchmark will be key. Having well-informed and experienced individuals involved will produce the best-informed results in our view. For these reasons, we recommend adding provisions to the bills that establish a council and an advisory board similar to those in Governor Lamont's Executive Order 5.

**Confidentiality.** Stamford Health requests that the bills' confidentiality provisions be strengthened to make it clear that proprietary, confidential information, whether provided verbally or through documents, remain confidential.

**Timeframes.** We would request that turnaround times in the bill be extended. As drafted, providers and payers are given 30 days to deliver on some items such as an improvement plan. Creating a well-constructed plan and preparing other documentation will likely take longer than 30 days, and – depending on the extent of the requirements – could present an undue administrative burden on organizations otherwise focused on expanding access to services and providing care to the community.

**Improvement Plan Duration.** Reducing costs is complicated and takes time. At times, reducing costs requires amending contractual obligations, or spending money today to save money tomorrow. Reducing costs, if not done well, may have negative implications for patient. We recommend the sections requiring improvement plans to control or reduce costs be amended to clearly state that a plan may have a timeline lasting more than a benchmark year.

**Quality Measures.** Finally, Stamford Health commends the bills' focus on quality measures, but recommends that incentives to achieve improvement, and to achieve the benchmark, be included in the bill.

Thank you for your consideration of our position.